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3 **UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT**
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6 **BUREAU FOR DEMOCRACY, CONFLICT &**
7 **HUMANITARIAN ASSISTANCE**
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9 **OFFICE OF FOOD FOR PEACE**
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26 **P.L. 480 TITLE II PROGRAM POLICIES AND PROPOSAL GUIDELINES**
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LIST OF ACRONYMS

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40	ADS	Automated Directives System
41	AER	Annual Estimate of Requirements
42	AIDS	Acquired Immune Deficiency Syndrome
43	BEO	Bureau Environmental Officer
44	BNT	Bags, Needles & Twine
45	CBO	Country Backstop Officer
46	CFBCI	Center for Faith-Based and Community Initiatives
47	CFR	Code of Federal Regulations
48	CBJ	Congressional Budget Justification
49	CS	Cooperating Sponsor
50	CSR	Commodity Status Report
51	DA	Development Assistance
52	DAP	Development Assistance Program
53	DAP/A	Development Assistance Program Amendment
54	DCHA	Bureau for Democracy, Conflict, and Humanitarian Assistance
55	EA	Environmental Assessment
56	EDM	Environmental Documentation Manual
57	EMP	Environmental Management Plan
58	ER	Emergency Resources
59	ESR	Environmental Status Report
60	FACG	Food Aid Consultative Group
61	FAO	Food and Agriculture Organization
62	FBO	Faith-Based Organization
63	FBCOs	Faith-Based and Community Organizations
64	FEWSNET	Famine Early Warning System Network
65	FFE	Food for Education
66	FFP	Office of Food for Peace
67	FFP/W	Office of Food for Peace-Washington
68	FFW	Food for Work
69	FY	Fiscal Year
70	GDA	Global Development Alliance
71	GIEWS	Global Information Early Warning System
72	HCFFPA	Host Country Food for Peace Agreement
73	HIV	Human Immunodeficiency Virus
74	IEE	Initial Environmental Examination
75	ICB	Institutional Capacity Building Agreement
76	ICRC	International Committee of the Red Cross
77	IFRC	International Federation of the Red Cross/Red Crescent Societies
78	ITSH	Internal Transport, Storage, and Handling
79	LOA	Life of Activity
80	MCHN	Maternal and Child Health and Nutrition
81	MT	Metric Ton
82	MYAP	Multi-Year Assistance Program
83	NER	Non Emergency Resources

84	NICRA	Negotiated Indirect Cost Rate Agreement
85	NGO	Non-governmental Organization
86	OFDA	Office of Foreign Disaster Assistance
87	OI	Opportunistic Infection
88	PEA	Programmatic Environmental Assessment
89	P.L.	Public Law
90	PLWHA	Persons Living with HIV/AIDS
91	PVO	Private Voluntary Organization
92	REA	Rapid Environmental Assessment
93	REDSO	Regional Economic Development Service Office
94	REO	Regional Environmental Officer
95	RFFPO	Regional Food for Peace Officer
96	SO	Strategic Objective
97	SYAP	Single-Year Assistance Program
98	TA	Transfer Authorization
99	UMR	Usual Marketing Requirements
100	USAID	United States Agency for International Development
101	USAID/M	USAID Mission
102	U.S.C.	United States Code
103	WFP	World Food Program

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DEFINITIONS

Beneficiary: A person who benefits from the program; direct beneficiaries are those whose involvement in activities leads to improved program results measured via outcome indicators. Individuals and family members receiving food rations (in the case of family rations) are considered direct beneficiaries. Individuals who receive training or benefit from program supported technical assistance or service provision are also considered direct beneficiaries. Indirect beneficiaries are those who benefit from the success of direct beneficiaries' training. For example, direct beneficiaries may be members of a cooperative that benefits from capacity improvements that target the cooperative. Indirect beneficiaries, by contrast, would be those outside the cooperative who might observe the effects of the training and adopt or model the new practices themselves. In a FFW program, direct beneficiaries are those who participate in building the actual infrastructure, e.g. a road, while indirect beneficiaries may be community members in rural villages near a FFW road.

Multi-year Assistance Program (MYAP): A Title II program that is approved to operate for more than one year (usually between three and five years). This can be funded with a combination of Title II emergency and non-emergency resources, or only non-emergency resources over the life of the activity.

Safety nets: A "safety net" is a system of providing resource transfers to low-income and other vulnerable individuals and populations who are unable to meet basic needs for survival and human dignity. Individuals may be unable to meet these needs due to an external shock, such as a natural disaster or war, or due to socioeconomic circumstances, such as age, illness, disability or discrimination. Such individuals are often dependent to some extent upon outside resources to meet their basic food and livelihood needs. There are three basic kinds of safety nets relevant in the Title II programming context: unconditional, conditional and productive. Unconditional safety nets provide resource transfers based solely on criteria of need. Conditional safety nets provide a resource transfer contingent on certain behaviors, such as sending children to school or bringing them to health centers on a regular basis. Conditional safety nets address both short-term protection objectives while promoting the longer-term accumulation of human capital. Productive safety nets provide a resource transfer in order to meet basic needs, prevent households from selling off of productive assets such as animals, tools and equipment; and build community assets. In a chronic food insecurity situation, a productive safety net might be a seasonal intervention.

Shock: A rapid or slow onset event (or set of events) having a detrimental effect on a population's food security status. Shocks can occur occasionally or recurrently. The source of the shock(s) can be:

- natural (drought, floods, earthquake, hurricane, etc.),
- political (conflict, civil war),

176		• economic (employment insecurity, hyper-inflation, collapsed
177		terms of trade), and
178		• health related (epidemics, endemic disease, and widespread
179		malnutrition).
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181	Single-year Assistance Program (SYAP):	A Title II program scheduled to last up to one year
182		and funded (in most cases) with Title II emergency resources.
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184	Surge capacity:	The ability for rapid staff deployment and material mobilization to
185		sudden-onset emergencies or urgent requirements for additional staff, with
186		overall arrangements to mobilize external capacities for rapid response.
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188	Trigger indicator:	Indicator used to determine the threshold at which programs need to shift
189		activities and/or require additional resources in response to a shock. Such
190		an indicator helps direct program priorities in dynamic and often
191		unpredictable operating environments. For example, in order to be aware
192		of when a population's vulnerability has increased, a MYAP needs to
193		monitor early warning indicators such as prices or coping measures,
194		clearly understanding which coping measures indicate "normal times" and
195		which indicate that the situation and environment is becoming stressful
196		and hazardous. The trigger indicator(s) advises that the community is
197		being subject to unusual stress. For example, withdrawing children from
198		school may be an important piece of information to help implementers
199		assess the direction in which food insecurity is moving.
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201	Vulnerability:	In a food security context, people are vulnerable or at risk of food
202		insecurity because of their physiological status, socioeconomic status or
203		physical security; this also refers to people whose ability to cope has been
204		temporarily overcome by a shock. "Vulnerability to food insecurity is a
205		forward looking concept related to people's proneness to future acute loss
206		in their capacity to acquire food. The degree of vulnerability depends on
207		the characteristics of the risks and a household's ability to respond to risk"
208		(Tango 2004).
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I INTRODUCTION

258
259 This document sets forth the Policies and Guidelines for Title II programs as required under
260 Section 207(b) of the Agricultural Trade Development and Assistance Act of 1954 (P.L. 480), as
261 amended, and supplements Appendix I of 22 CFR Part 211. Consistent with the ongoing
262 streamlining efforts of the Bureau for Democracy, Conflict, and Humanitarian Assistance's
263 (DCHA) Office of Food for Peace (FFP), the Policy Letter, previously issued separately by this

Office, will now be combined with the Guidelines and issued as a single document for the convenience and easy reference of partner agencies, USAID Missions and international organizations. In addition, just one set of Guidelines will be issued, encompassing Single- and Multi-Year activities, in the past considered as emergency and development.

These Policies and Guidelines are provided for use by Cooperating Sponsors (CSs) in the preparation of their Public Law (P.L.) 480 Title II Single-Year Assistance Program proposals and Multi-Year Assistance Program proposals. The focus of this guidance is on 1) FFP funding priorities and 2) the particular information that FFP requires in order to make a funding decision. Guidance on programming and other technical resources may be incorporated by reference; it is neither the focus nor the purpose of this FFP guidance.

Single-Year Assistance Program proposals may be submitted on an as-needed basis (see Section VIII for requirements.) Multi-Year Assistance Program proposals and amendments to current programs for activities beginning in fiscal year 2007 (FY 07) are due to FFP and the appropriate USAID Mission by May 15, 2006.

On November 20, 1999, the President signed into law the Federal Financial Assistance Management Improvement Act. The purposes of this law are to:

- improve the effectiveness and performance of Federal grant programs;
- streamline grant application and reporting requirements;
- improve the delivery of service to the public; and
- facilitate greater coordination among those responsible for delivering such services.

In support of this initiative, the Federal Government developed FedGrants to advertise grant opportunities for all Federal grant programs. FedGrants will serve as a single portal that allows potential applicants to search and apply for all Federal grant opportunities at one location. Effective October 1, 2003, all agencies are now required to post assistance opportunities via the FedGrants website. Consistent with this requirement FFP will post annual guidance for Title II Single-Year and Multi-Year Assistance Programs on www.FedGrants.gov.

Hard copies of the latest guidelines are available from FFP directly or may be accessed online.

From time to time, and in accordance with Section 207(b) of P.L. 480, DCHA/FFP may provide supplemental guidelines on the design and development of specific sectoral programs to ensure that such programs continue to focus on addressing the underlying causes of food insecurity in vulnerable populations.

II THE FOOD FOR PEACE STRATEGIC PLAN 2006 - 2010

The new Food for Peace Strategic Plan addresses the problem of food insecurity, in accordance with the Title II Program's authorizing legislation. The 1990 Farm Bill made '*enhancing food security in the developing world*' the over-riding objective for the P. L. 480 food assistance programs and the subsequent 2002 Farm Bill has reinforced that message. The Title II program

now represents the largest resource within the USG available to focus on the problem of global food insecurity.

Given the persistent high levels of hunger and under-nutrition in the developing world, and recent trends in food insecurity coupled with significant changes in its operating environment, FFP and its partners will face increasing challenges in addressing the problems of food insecurity over the next five years. Under the Strategic Plan, the 1995 Food Aid and Food Security Policy Paper remains the cornerstone of the Title II program. However, FFP has expanded the basic food security framework to place emphasis on vulnerability – the risk and consequences of, and resilience to, food security shocks – that impedes the achievement of food availability, access, and utilization. With one strategic objective (SO), this Strategic Plan represents a significant change from the 1997-2005 strategic framework, which had separate objectives for emergency and non-emergency programs. The new objective: ***reducing food insecurity in vulnerable populations*** encompasses both emergency and non-emergency (development) programs. In other words, it encompasses programs that address the needs of vulnerable people impacted by food insecurity in varying degrees and duration. In some cases it may be necessary to address immediate needs and save lives, yet the need to build productive capabilities may also be important to enable improved coping. In other cases it may be important to create safety nets to protect vulnerable people from risk, while building their capacity to cope with shocks. However, in order to be fully effective, all programs should work to address the underlying causes of food insecurity and vulnerability.

The focus on vulnerability will make it easier for emergency programs to incorporate activities that address the underlying causes of emergencies and for development programs to incorporate activities that will help vulnerable people improve and sustain their ability to prevent and cope with future emergencies. (FFP Strategic Plan, 2006-10) The foundation for the Strategic Plan is set forth in the Vision, Mission Statement and Principles in the Plan. (See pages 13 -14, FFP Strategic Plan) as well as Annex C: An Expanded Conceptual Framework for Understanding Food Insecurity. (Figure 1 in the Plan) This Framework will be helpful in clarifying the interrelationships between food security and food insecurity and between and among the various underlying causes of food insecurity for vulnerable populations.

The new SO – framed in terms of reducing food insecurity - places a heightened emphasis on the “in” of insecurity and therefore focuses the program on those populations already food insecure or vulnerable to food insecurity. The target populations are thereby clearly defined as people who are at risk of food insecurity because of particular physiological status, socio-economic status, political status or physical security, limited or weak governance or populations whose ability to cope has been temporarily overcome by a shock. While the strategic approach of FFP does focus on targeting vulnerable households and communities, the strategy also highlights the ability of states to cope with shocks. The Strategic Plan notes:

All states are subject to shocks – occasional and recurrent. What distinguishes a food secure state from fragile, failing or failed states is its ability to cope with these shocks. The level of economic development has a major influence on a country’s ability to cope. Wealthier countries normally cope better with shocks than poorer countries but wealth or income alone is a poor indicator of vulnerability. Other political, society, and economic

factors are important. States where large inequities in income and assets (access to resources) exist are likely to be more vulnerable, as are states with large ethnic populations (also religious groups) that are not well integrated economically, politically, or socially. Weak institutions, or the absence of key institutions, also increase vulnerability, as does poor governance. (FFP Strategic Plan, 2006-2010)

Thus we can add to the conceptualization of food security the notion of state vulnerability and capacity to respond to shocks. Particularly when considering these issues from a governance perspective, the capacity to respond to (or avert) crises takes on heightened significance.

This also includes vulnerability due to physiological status, i.e., people who are malnourished, people infected with HIV, pregnant and lactating women, and children under the age of five; socio-economic status, i.e., includes the poor (defined as persons with insufficient income to purchase food for an adequate diet and other basic necessities); social marginalization because of ethnicity, gender, or other characteristics; living in environmentally marginal regions; and physical and economic insecurity caused by conflict, which affects both resident and transient populations, i.e., refugees, Internally Displaced Persons (IDPs) and victims of war (in non-emergency situations). It is to adequately reach these vulnerable populations that Cooperating Sponsors are encouraged to reach out to local faith leaders, faith-based groups and community groups and include them in consultation and program implementation. Further discussion of the Faith-Based and Community Groups Initiative can be found under Section VI - New Issues and Sectoral Guidance Updates - below.

Consistent with the new Strategic Framework and in support of the effective and efficient use of available funding and commodity resources, new program proposals should directly address the vulnerability of food insecure individuals, households and communities. Title II program design should incorporate an understanding of why they are vulnerable, how they are vulnerable and the consequences of their vulnerability; and define effective approaches to address the underlying causes of that vulnerability. These approaches should integrate emergency response capacity and livelihood provisioning with development interventions that are aimed at enhancing individual capacities, livelihood capabilities and community resilience. They should address the Strategy's Intermediate Result 2: 'Title II Program impact in the field increased' through a strategy that specifically looks to achieve a) Human capabilities protected and enhanced; b) Livelihood capacities protected and enhanced; c) Community resiliency protected and enhanced; and/or d) Community capacity to influence factors (decisions) that affect food security increased.

Actual programs are likely to combine several purposes and activities reflective of more than one of the first four sub-IRs, as programs are tailored to the specific needs and vulnerabilities in the program areas. Current Title II approaches that combine activities focused on reducing the prevalence of chronic undernutrition among young children using community-based MCHN approaches (to increase human capabilities) with activities focused on developing small holder agriculture in the same communities (to enhance household livelihoods) are expected to continue under Title II. Activities focused on helping communities strengthen existing or develop new food security early warning systems and disaster preparedness and mitigation plans and the capacity to implement them also are encouraged, as are activities focused on helping communities develop the "capacity to influence factors that affect food security." Combinations

of purposes and activities also are expected to differ from country to country and over time. For example, more emphasis is likely to be given to protecting lives and livelihoods in programs initiated in the immediate aftermath of a shock with activities designed to enhance household livelihoods and community resiliency added to programs and/or given increasing importance over time.

III DEFINING DEVELOPMENT-RELIEF CONCEPTS

Development-Relief is an approach that encourages the programmatic linkages of the emergency and development objectives, and relies on flexibility. It seeks to address acute and short-term vulnerability while seeking longer term action to protect and enhance the capacity of food-insecure groups. The approach is reflective of the overall strategic plan to address the underlying causes of food insecurity in a holistic manner, recognizing that to address these underlying causes, programs must take into account long-term risks and vulnerability as well as short-term shocks and their impact on a vulnerable, food insecure population.

It recognizes that:

- it is possible to meet acute needs while building a capacity to address the source of vulnerability to food insecurity;
- relief activities are relevant in pre-shock environments and development activities are relevant in post-shock environments;
- development and relief programming may alternate or co-exist in the most vulnerable, food insecure settings;
- monitoring systems can track vulnerability indicators to determine when to shift programming emphasis;
- a program needs to be flexible and have the ability to modify interventions when the context calls for change.

Development-Relief programming encompasses development-conscious emergency programs that “enhance community and household resilience to shocks” (FFP and DCHA 2003), and emergency-conscious development programs that incorporate resource contingencies and promote effective and coordinated interventions related to disaster prevention and recovery. Indeed, development-relief programs will usually be designed to achieve both an immediate impact – protecting lives and maintaining consumption levels, and longer-term impacts – helping people and communities build more resilient livelihood bases.

Chronic and Transitory Vulnerability to Food Insecurity

Food insecure households face challenges due to chronic food insecurity as well as natural and economic shocks and social and health risks such as conflict and HIV/AIDs. It is important to identify chronic and transitory food insecurity and to distinguish between the two for proper targeting. Programming for the chronically food insecure population calls for interventions that are stable, multi-year and determined by a careful analysis of context. Programs should focus on increasing the resiliency and livelihood options of the chronically food insecure to enable them to pull themselves out of poverty. Conditional safety-nets that support investments in

health/nutrition, training and education, can help to address both current and inter-generational food insecurity, and offer a wide range of possibilities for food-based programming. The existence of long-term safety nets with surge capacity (with the ability to deepen and expand its coverage and purpose) will also permit programs to respond to the increased needs of the chronically food insecure and the needs of households that become transitorily food insecure due to shocks. In the absence of such expandable safety-net programming, or specific asset protection strategies, the transitory food insecure may be further weakened, lose their productive assets, and eventually join the ranks of the chronically food insecure.

IV TITLE II PROGRAM CATEGORIES

Under the new strategy, Title II programs will fall into one of two categories: Single-Year Assistance Programs (SYAPs) or Multi-Year Assistance Programs (MYAPs). Both categories are explained in this guidance as FFP is intent on having one document that combines guidelines regarding the submission of proposals for short-term emergency interventions and longer term programs, potentially combining emergency and non-emergency resources.

Single-Year Assistance Programs (up to 12 months duration) are appropriate:

- in response to sudden-onset disasters, due to causal factors such as earthquakes, floods, cyclones, man-made crises or civil unrest;
- in response to slow-onset disasters, due to causal factors such as drought, that affect households in specific localities.
- in on-going emergency situations where the requirements for medium-term planning and programming have not been established.
- in other situations where food assistance may be solicited for a short period of time within longer-term non food assisted activities or where the timely input of food resources may prevent transitory food insecurity from developing into chronic food insecurity.
- in critical, exceptional cases, for long-term social safety net programs, where there is a demonstrable risk of loss of life or significant increases in malnutrition if Title II funding is no longer available for a MYAP/DAP. In such cases, single year programs could be used to facilitate a transition period, allowing the CS time to identify and access other sources of support for these programs.

Multi-Year Assistance Programs are appropriate:

- in complex emergencies arising from prolonged civil strife (and often exacerbated by climatic events) where the basis for medium-term planning nonetheless exists; characterized by insecurity; failure/inability of governmental structures to effectively address a crisis; large-scale refugee movements and/or internal displacement; and increased vulnerability among children, the elderly, and the infirm.

- in post-emergency transition situations characterized by a cessation in civil conflict and refugee/internal-displaced resettlement; and a need to facilitate resettlement, reintegration of ex-combatants, and rehabilitation of food production capacity.
- in situations where populations suffer from medium to long-term chronic food insecurity and recurrent vulnerability, characterized by economic and/or social vulnerability.

Development-Relief approaches can occur within all of the above programs, as flexibility allows FFP to consider programs that focus on a variety of activity areas as long as they are related to the availability, access and utilization of food, the attendant risk vulnerabilities, and the underlying causes of food insecurity. These include innovative programs aimed at strengthening individual, household and community coping and resiliency capacities, as well as those that support the strengthening of local governance and civil society institutions to address food insecurity.

In all of these situations, programs should differentiate between interventions aimed at the chronically food insecure and the transitory food insecure, i.e. those who are usually food secure but whose ability to cope has been temporarily overwhelmed by a shock. When a shock occurs, the level of food insecurity of the chronically food insecure may get worse, and the usually food secure may also find themselves temporarily food insecure. In the absence of any safety net or other insurance, the transitory food insecure may be further weakened, increasing the danger of losing productive assets and resiliency.

MYAP proposals should prioritize program objectives, keeping them focused and limited in number and in context with Intermediate Result #2 of the FFP strategy: *Title II program impact in the field increased*:

1. Human capabilities protected and enhanced;
2. Livelihood capacities protected and enhanced;
3. Community resiliency protected and enhanced;
4. Community capacity to influence factors (decisions) that affect food security increased.

V RESOURCE ALLOCATION PRIORITIES FOR TITLE II MULTI-YEAR ASSISTANCE PROGRAMS

In order to achieve the strategic objective of reducing food insecurity of vulnerable populations, FFP developed criteria to rank countries by level of food insecurity based on quantitative indicators. Based on these criteria, FFP is identifying fifteen of the current countries in which we now have programs as priorities for future funding. The list of countries is available on the USAID website at:

http://www.usaid.gov/our_work/humanitarian_assistance/ffp/pvo_handou.pdf

Food for Peace will place emphasis on funding MYAPs that target the most vulnerable and food insecure populations within the priority countries.

FFP recognizes that resources available from Title II do not, in most situations, adequately or fully address all of the underlying causes of food insecurity, and that additional funding sources are needed to strengthen the ability to do so. To the maximum extent possible, Multi-Year Assistance Program proposals should indicate resource and programmatic integration from Mission sources, CS resources, and USAID initiatives such as the Initiative to End Hunger in Africa and The President's Emergency Plan for AIDS Relief. The leveraging and integration of other resources with Title II resources is actively sought and encouraged.

VI NEW ISSUES AND SECTORAL GUIDANCE UPDATES

Food assistance currently available from all donors will not meet all emergency needs, nor can food aid alone effectively promote agricultural productivity as a core strategy for fighting poverty and hunger. USAID continues to work in various fora to increase donor food aid levels and agricultural productivity (through improved policies, open markets, use of science and technology) in food insecure countries.

A critical priority of FFP in review of proposals for Title II resources is to deepen and expand the sustainable development impact of its investments. In this effort, FFP encourages proposals that utilize appropriate technical sectors, leverage additional resources and include the public-private alliance approach.

Global Development Alliance

One such example being pursued by USAID is the Global Development Alliance, which provides new opportunities for leveraging resources to enhance multi-year assistance programming. FFP considers these activities to be extremely important in helping to leverage resources to address food insecurity needs. In the past few years, USAID has prioritized public-private alliance building as a principal business model for the Agency and found it to be an effective way to expand and deepen the development impact of USAID development and humanitarian assistance programs. In FY 2002 and FY 2003, USAID funded approximately 200 public-private alliances with over \$500 million leveraging over \$2 billion in partner contributions. Public-private alliances mobilize the ideas, efforts and resources of governments, businesses and civil society to address a number of development issues.

USAID expects that alliances will bring significant new resources, new ideas, new technologies and/or new partners, or will use existing partners in new ways, to address development and humanitarian problems in countries where USAID works. There is no pre-defined minimum or maximum number of partners; each alliance will be different. Like all investments in development, alliance activities at the country level that actively involve local leadership and local beneficiaries in design and implementation are the ones most likely to be successful and sustainable. Local ownership, leadership and beneficiary participation are still keys to success. FFP encourages implementing partners to submit applications that expand food security activities through the building of public-private alliances. While a match of a one-to-one of USAID to partner contributions is the goal for creating Global Development Alliances, it is understood that this is not necessarily feasible for food aid activities. FFP will review applications that are submitted and give credit to those that maximize food security and

developmental impact by bringing some private sector resources into the program. Matching resources will not always be money-- different partners can contribute different things. In addition to monetary contributions, in-kind resources, intellectual property, implementation know-how, and technical assistance are also valuable contributions. Alliance proposals must clearly specify what each party is contributing.

Implementing partners are urged to develop partnerships related to their work with Title II and can find guidelines for applications and tools at the following GDA Secretariat website:
http://www.usaid.gov/our_work/global_partnerships/gda/.

For an idea of what types of partnerships the USAID bureaus and offices are interested in pursuing, go to http://www.usaid.gov/our_work/global_partnerships/gda/GDA_Contacts.doc.

Faith-Based and Community Initiative

The Faith-Based and Community Initiative was created by Executive Order on January 29, 2001 to help the Federal Government coordinate a national effort to expand opportunities for faith-based and other community organizations, and to strengthen their capacity to better meet social needs in America's communities and international development and relief efforts.

Cooperating Sponsors are encouraged to reach out to local faith leaders and faith-based and community organizations when forming strategic objectives and implementing strategies for FFP programs. Working directly with FBCOs or local faith leaders will not be possible in every instance, but CSs are encouraged to include them in planning and implementation. Faith-based and community organizations are often times the only ones who can reach and do reach the most vulnerable in society, even when these communities are transient. It is, therefore, necessary to utilize this great resource in alleviating human suffering, especially hunger. Furthermore, when local faith communities and community-based organizations are rooted and not transient, building their capacity and strengthening their outreach efforts may go a long way towards enhancing and stabilizing the community itself and guaranteeing sustainability long after USAID financial assistance has been completed.

Additional guidance pertaining to faith based and community organizations and USAID funding can be obtained at the following website:
http://www.usaid.gov/our_work/global_partnerships/fbci/fbocomments_101304.doc

HIV/AIDS

The new FFP strategy provides a framework for integrating food aid programs with HIV/AIDS programming. FFP encourages implementing partners to seek appropriate food assistance programming opportunities that target Persons Living With HIV/AIDS (PLWHA) and families affected by HIV/AIDS **as long as the overall food security objectives of Title II programming are met.** Proposed programs should include a discussion of HIV/AIDS as an impediment to food security in the country or region where partners expect to work with food insecure populations. Where Title II food aid resources will be targeted to food insecure

PLWHA, children, young people and families and communities affected by HIV/AIDS; implementing partners will be required to identify and track beneficiaries and resources (food and nonfood) that target HIV/AIDS affected populations in their M&E systems and financial reports. Implementing partners will be expected to integrate the President's Emergency Plan for AIDS Relief, Development Assistance (DA) or other resources to fund HIV/AIDS service delivery activities to the maximum extent possible and utilize food for direct distribution to the widest number of beneficiaries possible. FFP strongly encourages partners to consider the possibilities of a Global Development Alliance (see above), in order to leverage additional private sector resources. In addition, given the wealth of resources available for HIV/AIDS programming, FFP prefers that monetization resources be utilized for programming around a direct food security mitigation or intervention to strengthen food and livelihood security for those affected by HIV/AIDS rather than for HIV/AIDS prevention or education programs.

FFP expects implementing partners to take into consideration the following principles when programming food-assistance for HIV/AIDS infected and affected food insecure populations:

1. Ensure that a thorough analysis of food security and HIV/AIDS has been conducted prior to the design and initiation of food-assisted HIV/AIDS programs.
2. Ensure that food-assisted HIV/AIDS programs are providing assistance to food-insecure HIV/AIDS affected populations.
3. Ensure effective collaboration between food security and HIV/AIDS practitioners.
4. Ensure that the objectives of food-assisted programs and their component interventions (e.g., home-based care or food-for-training activities) are clear and explicit such as providing HIV/AIDS affected population with:
 - a) nutritional care and support,
 - b) incentives to participate in program activities, and
 - c) safety nets and/or income transfers.
5. Ensure that ration size and composition corresponds to the objective of the food-assisted program and gives adequate attention to associated nutrition issues and logistical and financial costs.
6. Ensure that important cash-based activities complement and reinforce food-assisted activities.
7. Ensure that food-assisted food security and HIV/AIDS programs do no harm.
8. Ensure that graduation criteria and exit strategies are clear, realistic and explicit so that desired outcomes are sustainable.
9. Ensure that monitoring and evaluation and documentation of lessons learned are given adequate attention.

Food for Education

FFP supports Food for Education (FFE) activities where the education component is an integral part of a broader proposal that addresses the determinants of food insecurity (availability, access and utilization) in vulnerable populations. Implementing partners considering Food for Education as a component of their multi-year food security programs need to ensure that an

appropriate package of interventions clearly linking resources and activities through integrated programming is included. Food and nutritional interventions must be programmed within the context of other interventions that focus on the quality of education. In single-year programs, school feeding may be considered as an appropriate safety net mechanism. For both types of programs, transition strategies must be described in the proposals. This includes phase out or phase over planning which should also be laid out in the proposal (not necessarily to be completed within the timeframe of the multi-year program) with established benchmarks.

Sustainable Agricultural Production

The USAID Agricultural Strategy- Linking Producers to Markets (July 2004) holds, as one of the four strategic themes, “to improve the social, economic, and environmental sustainability of agriculture”. FFP implementing partners should seek appropriate food assistance programming opportunities to sustainably increase agricultural productivity to meet nutrition and livelihood objectives. FFP recognizes the three-fold importance of agricultural production, financing, and market-access. FFP encourages implementing partners to increase farmer’s working capital and build farm assets to enhance food security. This should be done using principles to increase dietary diversity and minimize the food gap by using agricultural practices to increase soil quantity and quality using integrated farm systems (e.g., tree-crop-fish pond-livestock), low-input approaches, crop rotation, intercropping, appropriate reforestation, water harvesting, ecologically and climatically-appropriate crops that are culturally-sensitive and appropriate to the community needs, integrated pest management, non-invasive species, composting, agroforestry and erosion control.

VII FACILITATING PROGRAMMATIC FLEXIBILITY

Timeframe

Programming to reduce food insecurity must have flexible time frames. Single-Year Assistance Programs are initiated mainly in response to an emergency and can be submitted at any time throughout the year in response to one of the triggering mechanisms referred to in this guidance. Multiple, follow-on Single-Year programs are possible in a situation where the need for food interventions continues but the situation post-shock has not stabilized sufficiently to enable medium-term planning and implementation.

Multi-Year proposals should be designed to last between 3 and 5 years, depending on the context and the strategy envisioned. Whether a 3-year time frame is sufficient versus a 5-year time frame will depend on the intended results and the status of the vulnerability of the targeted population. The chronically food insecure may require longer term interventions to improve resiliency if that is the goal of the program; but the transitory food insecure populations may also require a longer timeframe if the objective is to go beyond the initial resolving of the effects of a crisis to rebuilding assets in order to prevent these households from becoming chronically food insecure.

Program Funding

In the interest of maintaining flexibility and ensuring that the emergency and non-emergency funding categories within P.L.480 are respected, emergency and non-emergency resources will fund the following programs and activities within Single-Year Assistance Programs and Multi-Year Assistance Programs.

Single-Year Assistance Programs will primarily be funded with emergency resources.

Multi-Year Assistance Programs may be funded with both emergency and non-emergency resources over the life of the activity. Multi-year program activities that target the chronically food insecure, which may include long-term safety-nets in addition to human capacity, livelihood capability and community resiliency activities, will be funded with non-emergency resources. Emergency resources may be used to extend enhanced safety-net or asset protection activities to the transitory food insecure. These expanded safety-nets may be included, for example, in the first year of a MYAP that targets a population that is transitioning from an emergency situation. In addition, during the life of activity of a MYAP, safety-net interventions may need to be added or increased in response to a short-term emergency or shock that deepens the level of food insecurity among the already food insecure and causes the usually food secure to experience transitory food insecurity and the need for asset protection.

Activities aimed at strengthening disaster management or emergency preparedness may also be funded with emergency resources if they are identified in the multi-year program design. Mitigation activities and activities detailed as part of the program's contingency planning may also be funded with emergency resources in some cases, though normally in multi-year programs, these types of activities will be funded with non-emergency resources.

In addition to the integrated developmental relief approach, where there is an unforeseen emergency need in a country and an emergency contingency was not built into the MYAP for the unforeseen situation, up to ten percent of in-country Title II commodity stocks may be diverted from a MYAP for emergency use with USAID Mission or Diplomatic Post approval. If additional tonnage, above the 10%, is sought for diversion from a MYAP for use in meeting an emergency need, and/or the CS seeks replacement of the commodities diverted, FFP authorization is required. This authorization must be received prior to the transfer of any additional commodities and funding. The USAID Mission cannot authorize the transfer of monetized proceeds, ITSH or Section 202(e) for emergency uses, except as the FFP Director may otherwise approve in an amendment to the approved program. The use of any development program commodity stocks for emergency use should be reported, under the MYAP as general relief/humanitarian assistance.

Where specific types of shocks and emergencies are predictable in a country, FFP prefers that these be identified and planned for in MYAP proposals. In these cases, when predicted emergency indicators are triggered, the CS will respond in the manner indicated in the proposal. In some cases, however, when unforeseen emergencies occur, SYAPs may be approved apart from an existing MYAP to respond.

The following graphs provide visual examples of the use of the emergency and non-emergency resources that FFP believes will facilitate programmatic adjustments and flexibility in response to shocks in multi-year programs.

The first example (Figure 1) represents the case of a new Multi-Year Assistance Program being implemented in a population that is transitioning from a Single-Year Assistance Program (emergency program). In this situation, during the first year of the multi-year program, the program is targeting a population suffering from residual transitory food insecurity from the emergency, as well as a chronically food insecure population, one that was likely to have been food insecure even before the shock. Emergency resources (ER) are used to fund the safety-net activities for the transitory food insecure, and non-emergency resources (NER) are used to fund the activities targeting chronic food insecurity. In years two and three of the Multi-Year program, the transitory food insecure have “graduated” from the need for a safety-net, and programming is focused on the chronically food insecure. All funding in years two and three is non-emergency (NER).

Figure 1. MYAP in a Population Transitioning from Emergency - No Shock

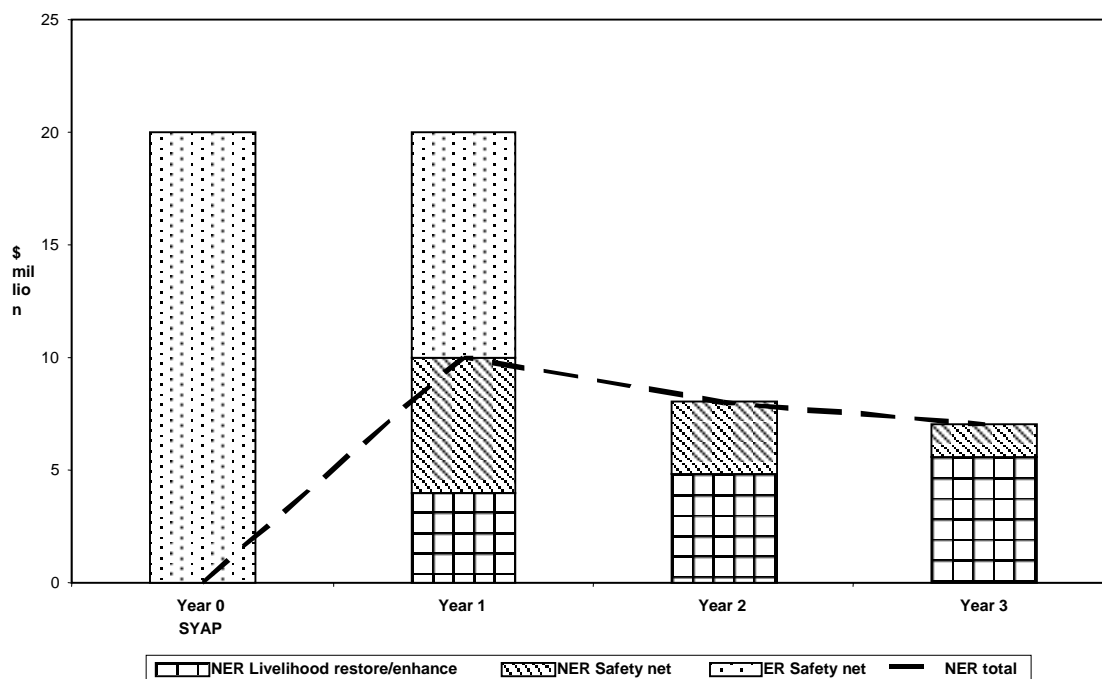
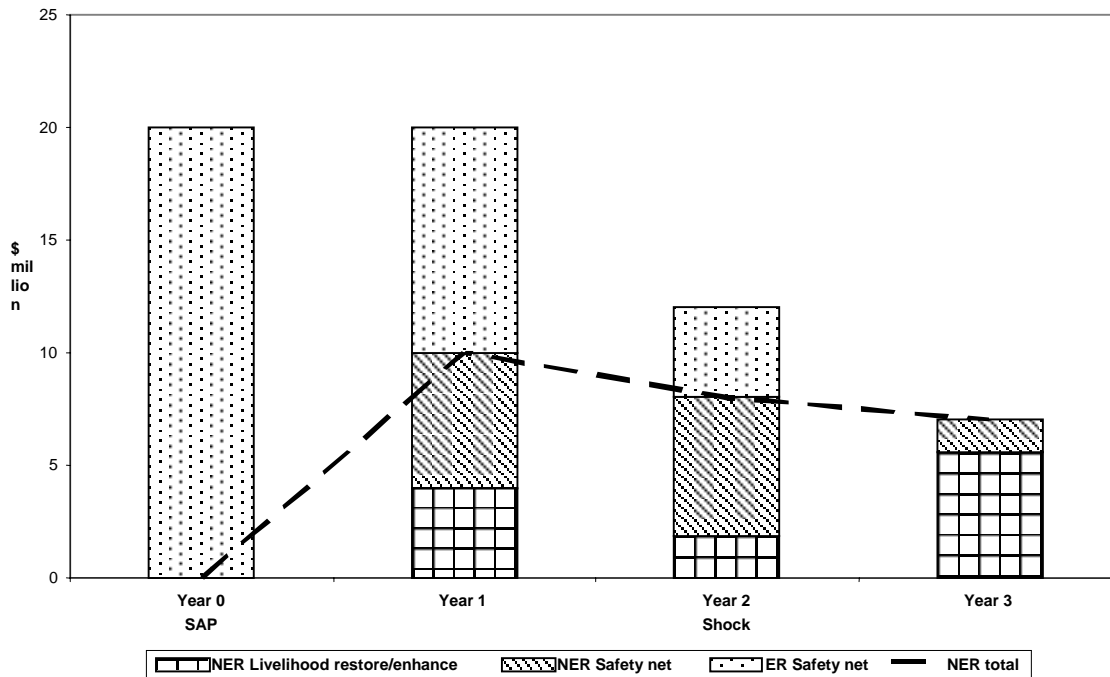


Figure 2 presents the program and funding adjustments to the same Multi-Year Assistance Program when the population experiences a shock in year two of the program. There is an increased need for safety-net interventions to maintain consumption levels and protect assets, both for the chronically food insecure and the usually food secure. The Cooperating Sponsor adjusts the distribution of non-emergency resources to increase the proportion directed to safety-net provision for the chronically food insecure. Plus, additional emergency resources are made available to fund the “surge” in safety-net requirements for those who have become transitorily food insecure. It is important to note that multi-year program design in this scenario, included

early warning mechanisms within the program monitoring system that advised managers when the emergency intervention was required, along with interventions designed to meet the increased needs. Early warning indicators and internal triggers should be identified in the program design in order to assist program managers to recognize when to adjust or add program interventions.

Figure 2. MYAP in a Population Transitioning from Emergency - Shock in Year Two



The third example (Figure 3) represents a scenario whereby the Multi-Year Assistance Program targets a chronically food insecure population and throughout the period of intervention no shocks are experienced – hence, the funding source is solely non-emergency.

Figure 3. MYAP in a Chronically Food Insecurity Population - No Shock

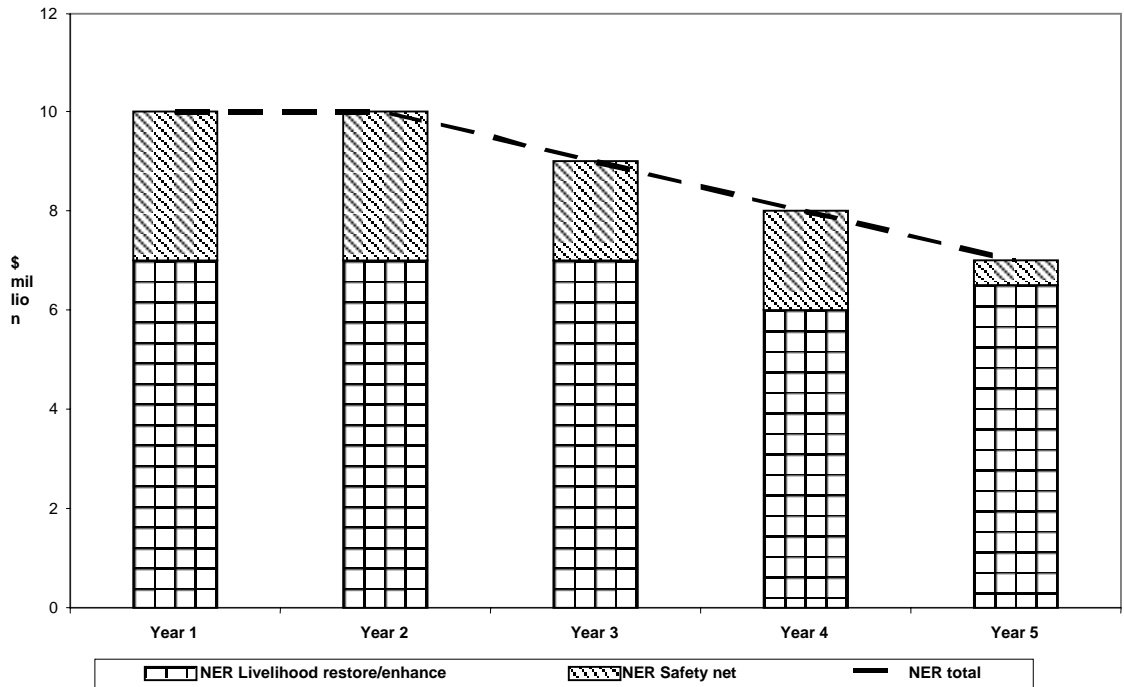
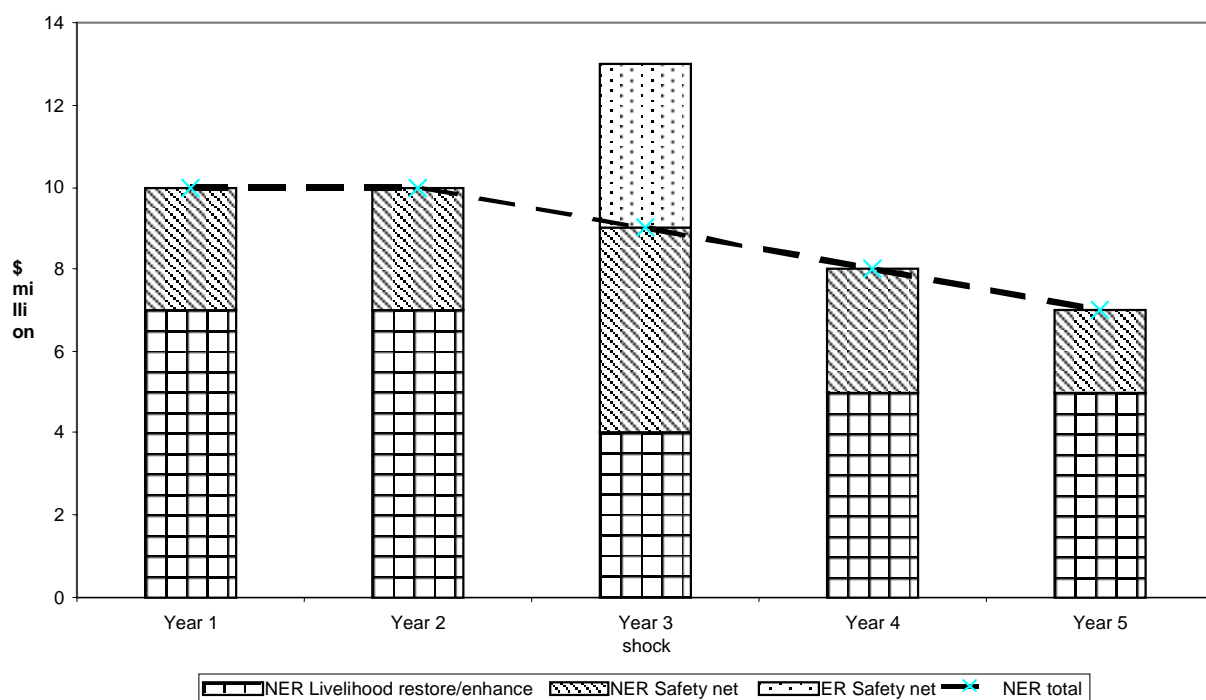


Figure 4 represents a scenario of the same Multi-Year Assistance Program that experiences a shock in year three. Regular programming continues with adjustments among the interventions and, in addition, emergency resources are added to response to additional transitory needs due to the shock. This “emergency” safety-net intervention is funded with emergency funds during the same time that the longer-term interventions continue with non-emergency funding, although the relative weight of the safety-net interventions for the chronically food insecure increases relative to the livelihood enhancement interventions because of the need to maintain consumption levels and protect the assets of the chronically food insecure.

Figure 4. MYAP in a Chronically Food Insecure Population - Shock in Year Three



All of these scenarios indicate the need for flexibility and use of both emergency and non-emergency funding. Identifying the potential shocks is paramount to designing Multi-Year programs that focus on vulnerability of the targeted populations. Understanding their level of resilience and coping mechanisms provides the basis for determining when to intervene with emergency responses.

FFP strongly urges all proposal submissions to include a discussion on the process used to identify potential shocks. If the proposal does not include mechanisms to monitor early warning and trigger indicators and plans for how to respond to shocks, the proposal should indicate why these mechanisms are not necessary based on the nature of the targeted population’s food insecurity and the sources of vulnerability and risk.

VIII SUBMISSION AND REVIEW PROCESS

a) Single-Year Assistance Programs

The Single-Year Assistance Program proposal and approval process is designed to facilitate rapid response to emergency situations where loss of lives and livelihoods may result in the absence of rapid intervention. FFP's most important emergency response mission is to ensure that critical food needs of people affected by natural disasters and complex emergencies are effectively met. Natural disasters, protracted refugee operations and complex civil or man-made emergencies almost always lead to food insecurity for the affected population. Due to war or a natural catastrophe, coping mechanisms are typically strained and resources exhausted, creating a situation warranting external intervention to offset the inability of the affected population to meet their basic needs. The sometimes lengthy nature of the crises further compounds people's ability to adapt because of insecurity, leading in some cases to constant movement, which in turn affects their ability to plant food crops or gain employment. In these situations SYAPs may require follow-on SYAPs, or may require the design of follow-on MYAPs, which are described below.

If the emergency is a rapid onset emergency in a country or region of a country where no Title II activity is occurring, CSs should take the initiative in assessing nutritional status, food security and emergency food needs.

All FFP Single-Year proposals must demonstrate the need for food as an appropriate response to the emergency. Frequently, an in-country needs assessment is carried out on a joint basis involving several different agencies, including WFP and CS/NGOs. Note that national or regional needs assessment data are also available to those agencies, USAID Missions and FFP/Washington through several sources including the Famine Early Warning System Network (FEWSNET). The Food and Agriculture Organization of the United Nations (FAO) produces bi-monthly reports by country on food crops and shortages as well as reports generated by the Global International Early Warning System (GIEWS). These documents are especially helpful in preparing for a slow onset emergency, such as a drought.

The official "triggering mechanism" that initiates an emergency food aid response is the issuance of an UN emergency appeal or a disaster declaration by the U.S. Embassy. Often, the initial nutritional and food security assessments provide the foundation of an appeal or disaster declaration. Both the UN Appeal or Embassy Disaster Declaration are considered primary "triggering mechanisms" used by FFP and either may serve as a basis for considering requests for emergency food assistance. Though infrequent, an emergency request from the International Committee for the Red Cross (ICRC), International Federation of the Red Cross/Red Crescent Societies (IFRC) or similar international organizations may also initiate a broader U.S. response in the form of food grants to CSs/NGOs.

Note that such an external "triggering mechanism" as described above is necessary only in the case of an unanticipated shock or when there have not been any on-going or previous Title II programs – either in the country or in the region affected by the emergency. Otherwise, as detailed below, the expectation is that early warning indicators and internal triggering mechanisms will be in place within on-going programs and will enable timely response should an emergency or shock as described above occur. Such on-going

programs, equipped with early warning indicators should provide monitoring information to support their request to initiate emergency response. Missions are expected to concur with the PVO request to initiate emergency response should an external emergency declaration not be forthcoming.

SYAP Proposal Format

A CS considering a response should contact the USAID Mission or Regional Office (where there is no USAID Mission) and their CS headquarters to alert them that a response is being contemplated. If resources are also being sought from OFDA, a CS may choose to follow the proposal format established by DCHA/OFDA for emergency funding, with the inclusion of the critical information required for a Title II food aid response.

Rapid onset emergencies (e.g. flood, earthquake, volcano eruption) require quick mobilization and FFP will not normally expect an extensive proposal in order to make a timely and effective initial response. The proposing entity should address the following issues in a brief initial proposal submission. If some of the following key components are not determined yet, describe the process and timeframe by which these details will be worked out and included as an amendment to the agreement, should the proposal be approved.

- 1) Analysis of the emergency - (attach available nutritional, food security and needs assessments data).
- 2) Proposed response - Explain why food aid is the appropriate tool for this emergency and describe what activities are proposed, including a description of how the program will fill gaps that may exist and/or avoid duplication or overlap with other programs.
- 3) Beneficiaries – Who, where and how many.
- 4) Ration(s) composition and size – What, why and how much.
- 5) Program Duration – proposed start date and length of response. Include prospects and timing for transitioning out of the emergency phase, describing what the triggers will be to determine the need to transition.
- 6) Implementation – How and who, including emergency IEE and Bellmon analyses.
- 7) Timeframe - When commodities are needed.
- 8) Monitoring - How will it be done and what are the indicators.
- 9) Cost Estimate – Detailed budget of P.L.480 Title II inland transport (if applicable), ITSH and 202(e) costs, as well as CS cost share and other USG funding as applicable. A brief budget narrative should be included with the budget.
- 10) Exit Strategy – Explain how the proposed intervention addresses the underlying causes that led to the emergency being addressed; discuss how the intervention helps to prepare for transition out of emergency and/or build in preparedness and mitigation components.

11) A Host Country Food for Peace Agreement (HCFFPA) or Mission or Diplomatic Post concurrence noting that such a program can operate in accordance with Regulation 11 without the HCFFPA or until one can be signed.

12) Lobbying and Terrorism Certifications.

In addition, the following documents are expected to be provided whenever feasible. FFP/W and/or Mission or Diplomatic Post will advise if and when the receipt of these documents, are required.

- An AER (with CS signatures)
- USAID Branding Strategy and Marking Plan (See Annex F)
- A draft Initial Environmental Examination (IEE) with Mission signatures; (In accordance with FFPIB 04-04 (May 2004), the 22 CFR 216 or “Reg. 216” Initial Environmental Evaluation (IEE) process must be invoked for persistent or complex emergencies lasting more than a year, unless a “categorical exclusion” is granted. In the first year of an emergency response, FFP encourages CS/NGOs to consider using the Rapid Environmental Assessment (REA) to minimize impact of relief to public health and natural resources (www.benfieldhrc.org/disaster_studies/rea/rea_index.htm). For detailed guidance on conducting environmentally sound design with the IEE, CSs should consult Annex D, Environmental Review and Compliance Information and www.usaid.gov/our_work/environment/compliance. Refer to Section V of Annex D for funding for Reg. 216 training. Programs implemented by the World Food Program (WFP) are not subject to the USAID Environmental Procedures.)

A proposal shall be considered incomplete if any of these components have been required and are not received.

b) Multi-Year Assistance Programs (3 to 5 year time frame)

Proposals should be submitted to FFP (via Amex International) and to the appropriate USAID Mission and/or Regional Mission no later than May 15th of the calendar year prior to the fiscal year (FY) in which the activities are to commence (for example, by May 15, 2006 for FY 2007 with a planned start up date of October 1, 2006). Due dates may change annually and FFP will notify PVOs accordingly.

Should a regional program be proposed, the proposal should be submitted to all affected USAID Missions for review. If the proposal is for a follow-on Multi-Year Assistance Program from a Single-Year Assistance Program described above, adherence to the scheduled submission dates will be required; however discussion on a case by case basis will be expected regarding phase-over and transition concerns. It is likely that country specific pipeline and activity arrangements will have to be made regarding the end of the initial emergency interventions under the Single-Year Assistance Program and the startup of an approved Multi-Year Assistance Program.

FFP will review each proposal based on the criteria and policies set forth in these guidelines. USAID Missions and/or Regional Offices will submit comments regarding proposals to FFP within 30 days of receipt of the proposals. Missions are not authorized to present comments to

or request proposal revisions from CSs during the review process without FFP/Washington concurrence.

FFP is committed to meeting the 120-day mandate as set forth in the P.L. 480 Title II legislation. However, its ability to meet this mandate depends upon the quality of proposals and their responsiveness to the standards and requirements set forth in these guidelines. CSs are encouraged to read these guidelines carefully and ensure that their proposals are responsive and complete in all respects.

Consistent with the requirements set forth in the P.L. 480 Title II legislation, FFP shall determine whether to approve a proposal, and sign a Transfer Authorization (TA) for funding, not later than 120 days after receipt of a complete proposal (subject to availability of funds). If a proposal is denied, FFP will specify the reasons for denial and the conditions that must be met for approval. Unsuccessful proposals may be resubmitted in the following proposal review cycle if applicable.

MYAP Proposal Format

The review of a MYAP proposal can begin if it is prepared in the proposal application format and includes the key documentation outlined below. A proposal shall be considered incomplete if any of these documents are not included in the proposal submission.

- A signed Host Country Food for Peace Agreement (HCFFPA) or, Mission or Diplomatic Post concurrence noting that such a program can operate in accordance with Regulation 11 without the HCFFPA or until one can be signed;
- A draft Initial Environmental Examination (IEE) (with Mission signatures);
- An AER (with CS signatures);
- A Bellmon Analysis;
- Comprehensive and detailed budgets including narrative; and
- Certifications Regarding Lobbying and Terrorism.

A complete IEE certifies that 1) planned activities will not have an unintended negative impact on public health and/or ecological services, 2) all environmental consequences of planned activities have been identified and adverse impact has plans for mitigation to remove or reduce the expected impact. A statutory requirement under 22 CFR 216, the CS must complete an IEE and IEE amendment for every new development proposal (MYAP and MYAP amendment). As an appendix to the annual Resource Request submission, an Environmental Status Report (ESR) is required to detail monitoring and evaluation protocols and must be signed by a Mission officer knowledgeable of the Title II program, (e.g. the FFP Officer or SO Team Leader.) with a copy sent to the FFP CBO in Washington and the DCHA BEO. An Environmental Management Plan (EMP) should specify the planned mitigation and monitoring procedures and budget for the life of activities. For detailed guidance on USAID procedures for conducting environmentally sound programming, CSs should consult Annex D, Environmental Review and Compliance information and www.usaid.gov/our_work/environment/compliance.

974 Follow-on Multi-Year Assistance Program proposals in priority countries must present final
975 evaluation findings for the prior cycle MYAP/DAP that demonstrate positive results and
976 effective implementation in order to be considered in the first tier of funding.

977
978 The 120 day clock will not begin if any of the documents above are missing at submission. If
979 the documents above are submitted but there are questions about their content, FFP will not
980 consider the proposal incomplete. For example, if all documents above are submitted on the
981 May 15, 2006 deadline, but there is a question about an AER calculation, the submission will not
982 be considered incomplete and the proposal will not be rejected on that basis. However, a
983 correction, if necessary, will be required before a proposal can receive approval.

984
985 Within 10 working days from the receipt of an incomplete proposal or one not submitted in the
986 proposal application format, FFP shall notify the CS Headquarters Office and the relevant
987 USAID Mission by e-mail with an explanation of why the proposal was rejected. The CS will
988 then have 10 working days from the receipt of the e-mail to submit a proposal that includes the
989 documentation listed above. FFP shall begin the 120-day time period for the approval and
990 issuance of a TA from the date FFP receives a legible electronic copy or paper copy of the
991 documents that complete the proposal, whichever arrives earlier. FFP will notify the CS and the
992 Mission by e-mail of the date the 120-day time period begins and will follow the process for
993 review of a complete proposal outlined below. Remaining documents, as noted in the Annex A
994 Proposal Format, should be submitted within 15 working days of the initial submission date if
995 they have not been provided with the original submission.

996
997 FFP will review complete proposals and send an issues letter to the CS. This issues letter will
998 consolidate the comments by all USAID offices, including FFP, USAID Missions and Bureaus
999 and will request submission of a USAID Branding Strategy and Marking Plan (See ANNEX F).
1000 FFP may also request a formal meeting with the CS (either in Washington or the field) to discuss
1001 the threshold issues presented in this letter. If the proposal is being reviewed in the field, the
1002 response to the issues letter by the CS should be received before the proposal review meeting
1003 takes place. Determination of whether or not a field review is feasible will be done by FFP, the
1004 USAID Mission and the CSs. In order to meet the 120-day mandate, FFP will impose strict time
1005 periods for the CS to complete the necessary revisions and comply with the Branding/Marking
1006 request. If a CS fails to complete the revisions and Branding/Marking requirements on time,
1007 FFP may deny the proposal based on the outstanding issues the CS has failed to address in a
1008 timely fashion. Proposals that are denied may be resubmitted in the following proposal review
1009 cycle if applicable.

1010
1011 When a complete proposal is received, FFP will review the submission. If the proposal is
1012 approved and all required documents and certifications received and funds are available, FFP
1013 will send a signed TA to the CS within 120 days for review and signature. For a complete
1014 proposal received by May 15, 2006, the TA would be signed by FFP by September 11, 2006.

1015
1016 Late Submittals: With the approval of the Director of the Office of Food for Peace late
1017 proposals will be accepted on an exceptional basis when it is in the best interest of the U.S.
1018 Government to do so. However, FFP will give priority funding consideration to acceptable
1019 proposals submitted on time.

1020
1021 **c) CS Preparation and FFP Review of Proposals**
1022

1023 Use of the proposal format for **MYAPs** provided in **Annex A** is **required**. For both MYAPs and
1024 SYAPs, proposals must address each of the sections included in the format. FFP will review
1025 proposals based on the information provided for each section.
1026

1027 Furthermore, proposals must meet the following conditions:
1028

- 1029 • Written in 12-point type (narrative) in English;
- 1030 • Limited to no more than 30 numbered and dated pages (not including annexes);
- 1031 • Includes a clear statement of program goal(s) and results to be achieved by the end of life
1032 of the program, with objectively verifiable indicators and sources of data to measure such
1033 results;
- 1034 • Submitted as Word and/or Excel spreadsheets (attachments); and
- 1035 • Provides only the information requested (cross referencing and use of charts are
1036 encouraged to present information concisely and to eliminate repetition).
1037

1038 For MYAPs, CSs are required to submit two (2) unbound copies and one (1) electronic copy to
1039 the appropriate USAID Mission and/or Regional Mission, and one (1) unbound copy to FFP/W
1040 via Amex International, Attn: FY07 Multi-Year Assistance Program Proposal, 1300
1041 Pennsylvania Ave, N.W. Suite 440, Washington DC 20004, and one (1) electronic copy to FFP
1042 at FFPdocs@amexdc.com.
1043

1044 The SYAP should be submitted simultaneously in English to the Mission and/or appropriate
1045 Regional FFP Office and to FFP/Washington. Where Regional FFP Offices operate, the USAID
1046 Mission and the Regional office should each receive two (2) hard copies and one (1) electronic
1047 copy for either MYAP or SYAP submissions. Mission or Regional FFP Office concurrence with
1048 the proposed SYAP or MYAP is required for final approval.
1049

1050 The following information provides further guidance to CSs beyond the information referenced
1051 in **Annex A**. CSs should consider these issues in developing Multi-Year Assistance Program
1052 proposals:
1053

1054 i) Legislative Mandates for Type of Commodity, Programming and Program Size
1055

1056 Of the non-emergency tonnage, 75% must be processed, fortified or bagged. FFP has developed
1057 a “Value Added Commodities List” of processed, fortified and bagged commodities that it has
1058 determined will meet this statutory requirement (see **Annex E**). Proposals with a higher
1059 proportion of processed, fortified or bagged commodities may be given priority.
1060

1061
1062
1063 ii) Section 202(e) Funding
1064

Authority and Purpose: P.L. 480 Title II Section 202(e), requires FFP to make cash available to eligible organizations in support of Title II programs in order to 1) assist them in establishing new programs under Title II; and 2) help in meeting specific administrative, management, personnel and internal transportation and distribution costs for carrying out Title II programs (including monetization programs) in foreign countries.

Section 202(e) funding has historically been limited by a \$28 million cap; however the 2002 Farm Bill increased the authorization to an amount no less than 5% and no greater than 10% of the total Title II appropriation in each fiscal year. Due to the significant increase in the amount of 202(e) funding authorized in the 2002 Farm Bill, FFP has broadened the scope of the types of costs eligible for funding consideration under this section.

Definition of Eligible Recipients: In order to be considered “eligible” to receive funds under Section 202(e) an organization must be:

aa) a Private Voluntary Organization (PVO) or cooperative that is, to the extent practicable, registered with USAID; or

bb) an Intergovernmental Organization (IO), such as the World Food Program

Eligible Uses: Eligible uses for 202(e) funding differ between “new” programs and “established” programs as detailed in the Food for Peace Information Bulletin (FFPIB) of October 27, 2003 found at http://www.usaid.gov/our_work/humanitarian_assistance/ffp/ffpib_04_01.doc

Expectations:

A. FFP strongly encourages CSs to identify other sources of public and private funding in order to leverage Title II resources and diversify support for the program prior to making requests for 202(e) funding.

B. FFP expects that the 202(e) portion of most Title II Programs will be between 5% and 7% of the approved program value (including the commodity cost, shipping cost, ITSH and 202(e) budgets), and will not exceed 10% of the approved program value. Exceptions will be considered on a case by case basis.

C. No expense is eligible for 202(e) funding until 202(e) funding is obligated under a Transfer Authorization or Cooperative Agreement budget (or Amendment).

D. If the Title II program shares staff, services or space with another program(s), the amount charged to 202(e) should be in proportion to the expenses incurred by the Title II program.

E. FFP will receive and consider 202(e) funding requests from CSs on a per project basis. CSs may charge indirect costs on their 202(e) direct costs in accordance with their previously established Negotiated Indirect Cost Rate Agreements (NICRAs). All CSs will be subject to the

same 202(e) policy guidelines defining what types of direct costs may be covered by 202(e) funding.

iii) Funding for Internal Transport Storage & Handling (ITSH)

P.L. 480 Title IV Section 407(c) (1)(B) (for non-emergency programs) and Section 406(b)(6) (for emergency programs) authorizes the use of Title II funding for the transportation costs of Title II commodities from designated ports or points of entry abroad to storage and distribution sites and for the associated storage and distribution costs for Title II programs. All emergency programs are eligible for ITSH funding, however non-emergency programs only qualify for ITSH funding if they are in Least Developed Countries (LDCs) as described by the World Bank's list of IDA eligible borrowers.

The following website provides a list of the eligible LDC countries in which FFP will consider ITSH funding for non-emergency programs.

<http://web.worldbank.org/WBSITE/EXTERNAL/EXTABOUTUS/IDA/0,,contentMDK:20054572~menuPK:115748~pagePK:51236175~piPK:437394~theSitePK:73154,00.html>

If other sources of support have been examined and are inadequate, a request for ITSH funds may be submitted with the program proposal. This fund is limited and justification for such funding must be strong.

Eligible uses for ITSH funding can be found in the Food for Peace Information Bulletin at: http://www.usaid.gov/our_work/humanitarian_assistance/ffp/ffpib_04_02.doc

iv) Monetization

Given the consistent OMB directives in recent years to reduce the level of monetization as envisaged in the Monetization Rationalization Plan, FFP will closely scrutinize all proposed monetization activities and approve only those which use monetization proceeds to address the underlying causes of food insecurity, without in any way causing harm to local production or markets. MYAPs calling for 100% monetization will not be approved.

Once a monetization plan is approved, if market fluctuations cause commodity sales prices to drop below the anticipated sales price provided in the monetization plan, FFP will not approve additional commodities to make up the shortfall as funding for the life of activity is capped. The CS must either fund the shortfall from other resources or scale back programming to reflect the reduction in anticipated monetization proceeds. Any exceptions to this general rule - of not supplying additional commodities because of market fluctuations - will need to be considered and justified on a case-by-case basis, according to urgent food security needs, and approved by the Director of Food for Peace, subject to the availability of funds. Conversely, if market fluctuations cause commodity prices to increase above the anticipated sales price, pipelines for monetization commodities would be adjusted accordingly in the out-years of the activity, resulting in less monetization tonnage than originally planned.

Monetization activities will be undertaken only where they will not disrupt commercial markets for agricultural commodities. Title II programmed commodity levels will be compared with USDA's established amount available for all U.S. food aid programming, which includes Title I, Food for Progress, McGovern-Dole International Food for Education and Child Nutrition Program and others, determined by the "usual marketing requirements" (UMR). The UMRs are routinely provided by USDA to USAID for specific commodities and countries. However, CSs are expected to research the markets independently to justify their monetization plans. In the case of West Africa, in concert with the West Africa Regional FFP Office, CSs are encouraged to participate in the data collection and analysis that contribute to the final UMRs for the region. FFP encourages CSs to design and execute monetization plans in consultation with U.S. food export and processing trade.

The monetization of value-added commodities, i.e. processed, fortified, or bagged commodities, is preferred to the monetization of bulk commodities because FFP is required to meet the statutory requirement that 75% of the programmed commodities be processed, bagged or fortified. The FFP Director must approve monetization of commodities to be used for purposes other than human consumption. Where more than one CS in a country proposes monetization of the same or different commodities, FFP encourages the monetization sales to be carried out jointly in order to decrease costs associated with monetization management and to maximize the monetization proceeds. However, Cooperating Sponsors may provide justification for monetizing separately, to be reviewed on a case by case basis.

Monetization sales in low-income food-deficit countries (LIFDCs): Go to the FAO Link to find a list of LIFDCs: <http://www.fao.org/countryprofiles/lifdc.asp?lang=en>
If it is not feasible to monetize in the country where proceeds will be utilized, monetization may be carried out in another LIFDC in the region, i.e. "third country". If neither is feasible, then monetization may take place in a least-developed country (LDC) in the region. In the case of "third country" sales the USAID Mission and/or U.S. Embassy in both the program country and monetization country must endorse the plan. Note: Monetization in the recipient country is preferred over monetization in a "third" country where the food security activities will not be taking place. A Bellmon Analysis is required for each country where food resources will be distributed or monetized.

For each commodity to be monetized CSs must set a sales price which: (1) represents the reasonable market price of the commodity in the country (or region) in which it is being sold; (2) does not depress the price of locally produced commodities in accordance with the 1977 Bellmon Amendment; (3) does not disrupt normal commercial practices, i.e. UMR considerations and (4) is acceptable to the USAID Field Mission (or Regional mission for non-presence countries).

In light of the change in legislation regarding a cost recovery requirement for monetization by Cooperating Sponsors, "Reasonable Market Price" is to be achieved in the sale of Title II commodities per the market realities in the economy in which they are being sold. In general, market forces are recognized as a reliable and acceptable means of determining the reasonable and fair market price. In local markets, where the Cooperating Sponsor demonstrates, through sales by public tender auction or similar methodology, that the level of participation in the

exercise (by prospective buyers) ensures competitive price formation and mitigates against collusion, the sales price so established will be regarded as the reasonable market price.

Where market forces cannot be harnessed to transparently formulate a reasonable market price (as above), and negotiated/treaty sales are required, a sales price which compares favorably with the lowest landed price or parity price for the same or comparable commodity from competing suppliers may be considered a reasonable market price, however the USAID mission will determine whether or not the resulting price is the best use of its limited resources and advise FFP.

For all monetization planned, CSs should estimate anticipated sales prices based upon local market analysis and provide the background and basis of that estimate for review by the USAID Mission, FFP/W and Regional Office as appropriate.

CSs should also indicate optimal timing of imports in order to contribute to food security (availability) objectives and to generate/receive sufficient monetization proceeds in time to meet programmatic requirements. For example, FFP recommends that CSs avoid the harvest season of a comparable product in order to ensure that there will not be a disincentive to local production. Further, harvest season should also be avoided due to competing demands for labor, equipment, vehicles, transport systems, etc.

Monetization plans for new multi-year proposals are to be included in the Activity Resource Requirements section of the proposal. Per these guidelines, the monetization plan must follow the outline provided in USAID's Monetization Field Manual with the exception of the guidance on cost recovery requirements, which was changed by the 2002 Farm Bill. This includes: a) rationale for monetization; b) proposed mechanics of the monetization: commodity selection, timing of sale, location of monetization, method of sales, impact of the sale on the local market and other programs, and storage facilities; c) monetization sales budget; d) sales proceeds management: safeguarding the proceeds, identification of financial institution(s), monitoring/accounting system and, if applicable, brief description of the joint/umbrella monetization.

For proposal amendments, CSs are required to provide information on their monetization plan if it will be significantly changed. If not, the CS must state that the sales methodology will remain the same. If an amendment request is submitted in lieu of an annual Resource Request, all information required in the annual Resource Request, including sales price estimates for the upcoming fiscal year must be included in the amendment request.

From the time of the multi-year proposal design to approval, and from Resource Request submission to TA finalization, market conditions may change to the degree that sales price estimates will need to be modified. CSs are requested to provide this information to FFP if the change in market conditions will result in insufficient resources for program implementation or if a significant drop in prices makes the sale of a particular commodity impractical.

It should be noted that report language was also included with the 2002 Farm Bill legislation, which stated that the new provision is intended to be consistent with the goal of maximizing

proceeds from commodity sales. The report also listed several factors such as USG acquisition costs, transportation costs and localized factors that may impact market prices of the commodities that should be taken into consideration when deciding whether to approve a proposed sale of commodities at the local market price. FFP will consider these factors prior to the approval of any proposal with a monetization component.

v) Cost-Share Programming

Where integration of CS resources occurs, it must be expressed as a formal auditable cost-share in the CS proposed budget and approval documentation.

vi) Bellmon Determination

The Bellmon Determination certifies that the commodities will not have a negative impact on the local market or will not be a disincentive to local production in the recipient country, and assures availability of adequate storage. It is a statutory requirement and should focus on the first fiscal year of the proposal. A Bellmon Determination is required for each country where Title II commodities will be distributed or sold, including each country that is part of a regional proposal. A Bellmon Determination is required regardless of if Title II commodities are being imported under a SYAP or a MYAP.

For detailed guidance on conducting the analysis required for a Bellmon Determination, CSs should consult the *1985 Background Paper and Guide to Addressing Bellmon Amendment Concerns on Potential Food Aid Disincentives and Storage* and the official USAID cable entitled, *Bellmon Certification Requirements for P.L. 480 Title II Activities* (reissued, August 1999). For supplemental information regarding market analysis, CSs should consult the *P.L. 480 Title II Monetization Field Manual*. These documents are available on the Internet at: http://www.usaid.gov/our_work/humanitarian_assistance/ffp/nonemergency.html

vii) Host Country Food for Peace Agreement

In accordance with Regulation 11 (Section 22 211.3(b) CSs shall enter into a written Host Country Food for Peace Agreement (HCFFPA) with the government of each country for which Title II commodities are to be transferred to the CS. This agreement shall establish the terms and conditions needed by the CS to conduct a Title II program in the country in accordance with the applicable requirements of Regulation 11. Where such a written agreement is not appropriate or feasible, the USAID Mission or the Diplomatic Post shall assure FFP/W, in writing that the program can be effectively implemented in compliance with this Regulation without such an agreement...or until one can be signed. The proposal package must include either the HCFFPA or the written certification as appropriate.

viii) Annual Estimate of Requirements

An Annual Estimate of Requirements (AER), signed by the submitting PVO, reflecting the tonnage of commodities proposed for approval should be provided as Appendix 3 of the proposal. If there are carry-over resources, a commodity pipeline analysis must be provided as

part of the AER. CSs should continually monitor their pipelines to ensure that requested commodities are adequate and are needed to meet program requirements. FFP will request and review pipelines on a periodic basis to ensure that pipelines are commensurate with program requirements and commodity status reports.

An accurate pipeline analysis in the AER is particularly critical in the last year of a resource request so that FFP can ensure that the PVO has planned for all commodities to be utilized by the program completion date and that commodities requested for monetization are consistent with anticipated monetization proceeds that must be expended by the end of the program.

In the interest of facilitating the reporting of resources, an additional column of information has been added to the AER template to indicate which commodities are planned under emergency (ER) and non-emergency (NER) funding. The additional column will permit maintaining separate reporting of resources.

ix) Vehicle Purchases

Vehicle procurement: FFP prefers that PVOs purchase vehicles for project use with non-U.S. Government (USG) funding. However, if the cooperating sponsor is unable to identify alternate funding (at the discretion of the CS), the order of preference for funding vehicles is first 202(e) funds and then ITSH funds. FFP prefers not to fund the purchase or lease of vehicles with monetization resources. Vehicles purchased with USG funding must follow the FFP procurement policy on source and origin requirements.

x) Inland Transportation

In the case of landlocked countries, Title II Inland Transport funding may be provided on a reimbursable basis for transport from discharge port to extended delivery point (EDP), or designated port of entry within the recipient country. ITSH funding may be provided for internal transport from the EDP or designated point of entry to distribution site. When a CS requests inland transport through the vessel's bill of lading to a designated internal point, funding will be provided on a reimbursable basis under the CS's Inland Freight Purchase Authorization (PA).

CSs without a prior activity in a given country should submit data from pro-forma invoices or contract quotes submitted by likely inland transport companies. Submission of the required information is pivotal to establishing an inland transportation account for reimbursement. In lieu of pro-forma invoices or contract quotations, CSs shall perform market research or a survey of local and regional transport companies. This shall be completed to determine local costs and pricing for the type and range of inland transport services that may be required during the term of the agreement. In this manner, the CS and FFP may be confident with the budget estimates for reimbursement of inland transport services.

d) Procedures for the Final Year of a Program

Cooperating sponsors (CS) should conduct impact evaluations in the year prior to the program's final year, and should submit the evaluation report to FFP during the final year. If the CS is

proposing a follow-on program, the final evaluation report should be submitted to FFP prior to the submission of the follow-on proposal. FFP expects that CSs will plan for all commodities to be distributed, and all costs to be incurred against the approved monetization budget, by the program completion date. CSs should submit closeout plans to the USAID Mission and FFP/W six (6) months prior to the expiration of a program. Closeout guidance is available on FFP's home page at http://www.usaid.gov/our_work/humanitarian_assistance/ffp/closout.htm.

IX MULTI YEAR PROGRAM AMENDMENT SUBMISSION AND REVIEW PROCESS

A CS should submit a MYAP amendment request if there are significant changes proposed to the approved program. A significant change is defined as: a) a change in the purpose and/or outcome of the project; or b) a radical restructuring of implementation or monetization arrangements; or c) a shift of more than 10 percent of resources between budget line items or activities within the overall approved LOA budget; or d) a request for additional resources over the approved LOA budget. For CSs with consolidated country or regional programs, LOA refers to the entire approved program budget rather than country specific budgets.

Under any of these circumstances, the CS and FFP may mutually decide to consider a program revision or amendment. CSs should consult early with FFP Country Backstop Officers to make this determination.

The deadline for amendments is the same as the deadline for Multi-Year Assistance Program proposals as established in section I of these guidelines.

Use of the format provided in **Annex A**. If a section is not relevant to the MYAP changes being proposed, a "not applicable" statement can be used for that section. FFP will review amendments based on the CSs' ability to provide adequate, appropriate information under each section established in the format that is relevant to the proposed change. New activities and implementation arrangements proposed in an amendment will be approved based on successful activity implementation, responsiveness to previously expressed concerns and recommendations, evaluation of the resource request (financial plan and AER), mission concurrence, and environmental compliance. Final approval will be subject to the annual availability of funds and commodities.

Furthermore, amendments must meet the following conditions:

- Written in 12-point type (narrative) in English
- Limited to 20 numbered and dated pages, (including Appendices A-C)
- Submitted as Microsoft Word and Excel files (including applicable attachments)
- Including only the information requested (cross referencing and use of charts are encouraged to present information concisely and to eliminate repetition)

CSs are required to submit two (2) unbound copies and one (1) electronic copy to the USAID Mission, and one (1) unbound copy to FFP/W via Amex International Attn: FY 2007 Multi-Year

1384 Assistance Program Proposal, 1300 Pennsylvania Ave, N.W. Suite 440, Washington DC 20004,
1385 and one (1) electronic copy to FFP at FFPdocs@amexdc.com.

1386

1387 Where Regional FFP Offices operate, the USAID Mission and the Regional office should each
1388 receive two (2) hard copies and one (1) electronic copy.